

# Millennium Challenge Corporation

Reducing Poverty Through Growth



**COUNTRY : HONDURAS**

**STATUS : IMPLEMENTATION, YEAR 1**

**LAST UPDATE : AUGUST 2006**

## GENERAL INFORMATION

Population	7,048,327*
GNI Per Capita	\$1,190*
Location	Central America, bordering the Caribbean Sea, Pacific Ocean, between El Salvador, Guatemala and Nicaragua
Total Compact Amount	\$215 Million
Compact Duration	5 Years

## MARTÍN OCHOA

General Director, MCA-Honduras PMU

*"The Millennium Challenge Account is of special interest to President Manuel Zelaya Rosales and his entire administration since it provides complementary but necessary funding to achieve Government of Honduras' economic growth and poverty alleviation targets for 2010 and beyond. Helping rural farmers develop and export high value horticulture crops, facilitating access to credit and reducing transportation costs will significantly stimulate and increase Honduras' economic growth using the country's comparative regional market access advantage."*

## COMPACT GOAL

To reduce poverty by alleviating two key impediments to economic growth: low agricultural productivity and high transportation costs. The Compact will extend growth to the rural population by enhancing agricultural development and linking its large rural population to markets.

## EXPECTED RESULTS

MCC will invest \$215 million toward achievement of the Compact Goal. This investment is expected to increase annual income by an estimated \$69 million by the end of the Compact by working to achieve the following two objectives:

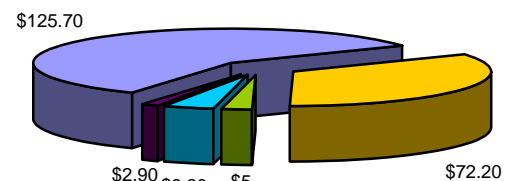
- Increase the productivity and business skills of farmers who operate small and medium size farms and their employees
- Reduce transportation costs between targeted production centers and national, regional and global markets

## COMPACT PROCESS

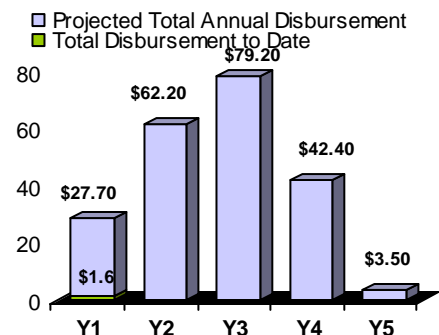
COMPACT PROCESS	DATE
Eligibility Notification	<input checked="" type="checkbox"/> May 6, 2004
Proposal Receipt	<input checked="" type="checkbox"/> August 23, 2004
Opportunity Memo	<input checked="" type="checkbox"/> August 31, 2004
Congressional Notification of Compact Negotiations	<input checked="" type="checkbox"/> October 12, 2004
Investment Memo	<input checked="" type="checkbox"/> April 15, 2005
Board Approval	<input checked="" type="checkbox"/> May 20, 2005
Compact Signing	<input checked="" type="checkbox"/> June 13, 2005
Entry into Force	<input checked="" type="checkbox"/> September 29, 2005
Initial Disbursement	<input checked="" type="checkbox"/> February 22, 2006

## HONDURAS OBLIGATIONS BY KEY SECTORS (IN MILLIONS)

- Transportation Project
- Monitoring & Evaluation
- Auditing
- Rural Development Project
- Program Administration



## HONDURAS DISBURSEMENT SCHEDULE (IN MILLIONS)



## UPDATE ON PROGRESS

- Compact entered into force on September 29, 2005, starting the 5 years of the program.
- MCA-Honduras Board and Program Management Unit are established.
- Initial Disbursement for \$1.6 million occurred on February 22, 2006.
- On June 5, 2006, President Zelaya and MCC CEO held a high-level meeting and to ensure effective implementation.
- \$22 million contract signed in August 2006 for the delivery of farmer training and development in the Rural Development Project
- MCA-Honduras is preparing the second disbursement request for project operations.
- Updates on Compact implementation are available on MCA-Honduras' website ([www.mcahonduras.hn](http://www.mcahonduras.hn)).

\*World Development Indicators, World Bank, 2005